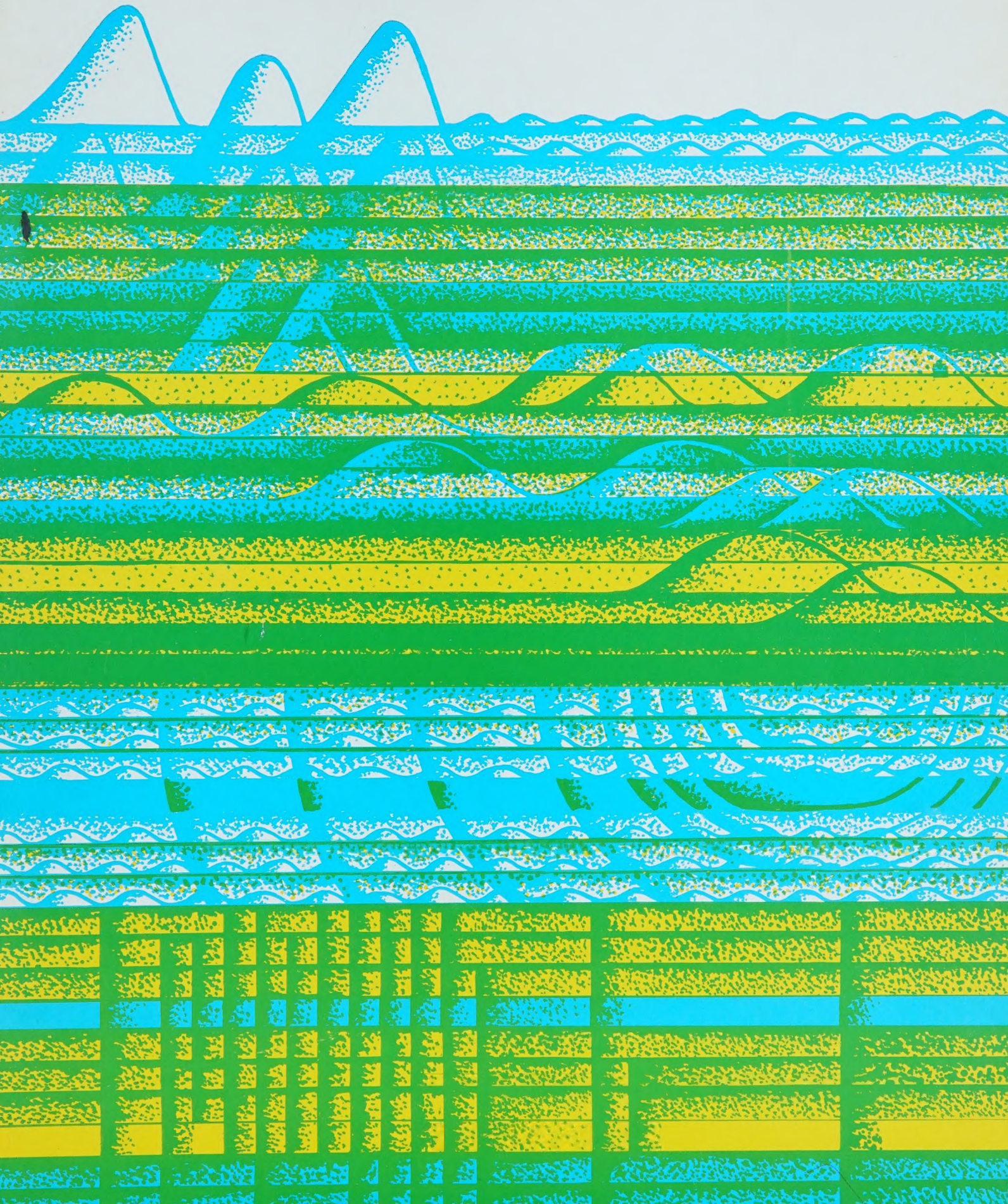


AR32

Annual Report 1970 Greyhound
Computer of
Canada Ltd.



Highlights for the Year 1970

| | For the year ended Dec. 31, 1970 | For the year ended Dec. 31, 1969 |
|--|--|--|
| Revenue | \$ 4,998,345 | \$ 3,859,431 |
| Income before Provision for Deferred Income Taxes | \$ 853,607 | \$ 446,287 |
| Income before Extraordinary Items | \$ 404,983 | \$ 237,934 |
| Extraordinary Items | \$ 105,869 | \$ (14,297) |
| Net Income | \$ 510,852 | \$ 223,637 |
| Shareholders' Equity | \$ 5,703,127 | \$ 5,192,275 |
| Earnings per Share : | | |
| Before Extraordinary Items | 10¢ | 6¢ |
| Net Income | 13¢ | 6¢ |
| Computer Equipment Owned (at cost) | \$22,260,945 | \$22,022,533 |

The graphic illustration on the cover of this report representing our Federal and Provincial Governments is the work of Gabriele Abel, a young Canadian artist. Interspersed in the text are three paintings by the same artist representing other aspects of the Canadian scene. The originals of these paintings are available for loan to galleries, special exhibitions and for other display purposes. Inquiries about this, or about obtaining reproductions of the paintings, should be addressed to the advertising manager of Greyhound Computer of Canada Ltd.

Report to the Shareholders

The year ended December 31, 1970, was a good one for Greyhound Computer. Your directors are pleased to report improved results for 1970. Net income after provision for deferred income taxes increased 128 per cent to \$510,852 from \$223,637, providing earnings per share of 12.8 cents as compared with 6 cents in 1969. The net income for 1970 included an extraordinary gain on foreign exchange of \$105,869. These results were achieved in a year generally considered poor for business and particularly difficult for the computer industry.

The slow economy of 1970, together with very high interest rates and a scarcity of money, had a severe impact on those organizations offering time-sharing, data centre usage and various other computer based services. This resulted in price cutting, the failure of several firms and it eliminated the early prospect for profitable operation of a service facility. Your directors recognized this trend early in the year and your company withdrew temporarily from the service market by closing the Ottawa data centre and by selling the time-sharing division.

These same conditions affected the leasing market. We minimized the purchase of new equipment and reduced interest charges by paying down bank loans from monies generated by our strong cash flow. We also took advantage of the sudden favourable change in the value of the Canadian dollar and reduced outstanding U.S. loans by \$2,615,579 (U.S.).

Several of our original leases matured during the year and it was necessary to find new customers for the equipment returned. Our marketing effort was successful in re-leasing this equipment and our experience to date gives us confidence in our ability to effectively manage this critical operation in the future. The new /370 announcements by IBM have had little immediate effect on our inventory of /360 equipment but we do anticipate increasing competitive pressure from /370 equipment in the future once a significant quantity has been delivered. Pricing of the new /370 makes it less attractive for purchase and leasing. Although we have considered several prospective situations no /370 equipment has been purchased to date.

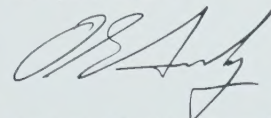
Despite the adverse market in 1970 your company succeeded in maintaining the Greyhound name as a leader in the Canadian computer industry. The operating results detailed in this report represent a further step toward our goal to create a major corporation capable of providing a full range of services to the Canadian computer user.

During 1971 we plan to expand leasing activity through the purchase of additional equipment. At present we are examining the purchase of inventory owned by other leasing companies as well as equipment owned by certain major users. New IBM products and equipment of other manufacturers also are being considered. It is hoped that we will find additional products which will increase the expected life of our equipment thereby aiding future profits.

Although 1970 saw a number of failures in the computer service field we believe this area holds promise for future profits, once the economy improves and once better equipment, communications services and techniques evolve. We have therefore retained an active interest in this area and we continue to search for opportunities that will allow us to participate in the computer service business.

Two new members joined the Board of Directors during 1970; Mr. Olie E. Swanky on May 15 and Mr. Raymond F. Shaffer on August 12.

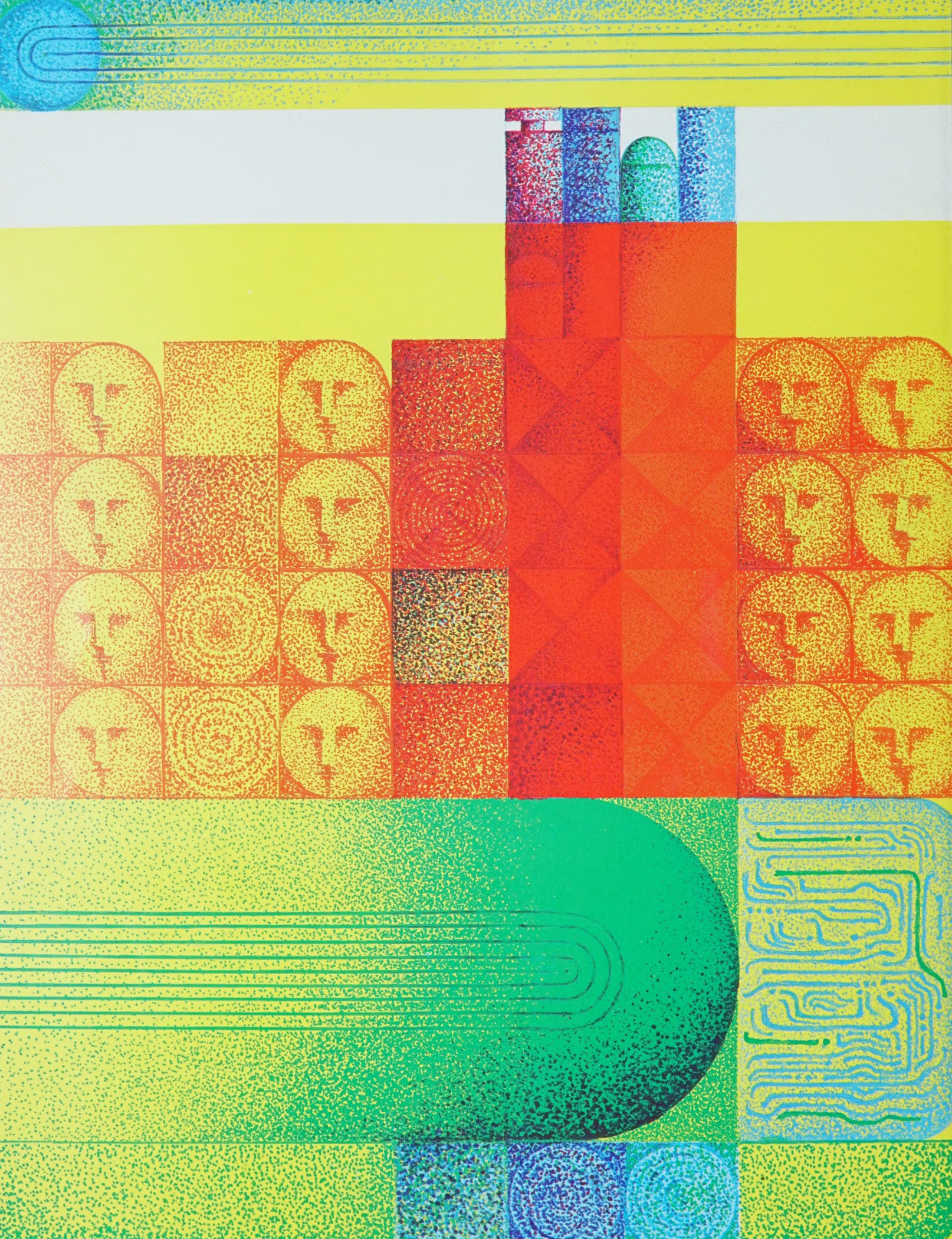
It is the opinion of your directors that the strength of the company's management and staff, its strong financial position and its participation in the expanding computer industry will combine to make future growth a reasonable prospect for the year ahead.



On behalf of the Board
Olie E. Swanky
President and Chief Executive Officer
March 26, 1971



Left: Olie E. Swanky, President
Right: Kenneth E. Lancashire, Secretary-Treasurer



Greyhound Computer— A Trans-Canada Operation

Our cover represents the various governments of Canada, both Federal and Provincial. Government is, of course, something that touches the lives of all Canadians at some point. The Federal Government alone employs over 370,000 Canadians, and almost all Canadians have yearly contact with at least one government department.

While planning this year's annual report, the Board of Directors of your company felt you might be interested in a closer look at our operation and customers than we have given you in the past. We felt that you should know more about the scope and breadth of our business and how it fits into the broad picture of the country's economy. The basis of our business is, of course, the marketing of computer systems and related products and the provision of financing to our customers for the purchase and lease of computer equipment. In the Financial Statements you will find information on the company's performance during the past year. You will also find a detailed section on our customers which will show you how truly national our scope is and what a broad range of services and industry our customers represent.

Greyhound Computer is a public Canadian company, trading on the Montreal Stock Exchange. It covers the country from Vancouver Island to Newfoundland, and gives aid to a great diversity of enterprises which involve all Canadians either as employees or customers. We feel very Canadian and in searching for a way to convey this feeling to you, we decided to commission a young Toronto artist, Gabriele Abel, to interpret, in her own way, this country, its government, industry and people: the whole complex and sturdy structure of which we are proud to be a part.

Greyhound and Government

The largest computer system which your company owns is on lease to the Canadian Government's Computer Services Bureau—a Federal resource organization which is drawn on by over one hundred separate government users—from the Department of Justice to the House of Commons, from the Canadian International Development Agency to the National Archives. The C.B.C. and the Department of Health and Welfare are other agencies making use of Greyhound equipment through the Computer Services Bureau.

A separate computer installation provided by your company is used by the National Research Council, another agency of the Federal Government. The National Research Council assists hundreds of government scientists, and works in close collaboration with Canadian universities and industry, to help the advancement of science in a variety of areas for the national interest.

Provincial governments, too, make significant use of our services. In British Columbia, four separate computer systems, supplied by your company, are used by various government departments. Two of them assist the Department of Industrial Development, Trade and Commerce; one is in the service of the Department of Finance; and another aids the B.C. Medical Plan. The Government of the Province of Ontario is also a major client, and has utilised two computer systems, leased from us, for a wide variety of applications. One of our newest customers is Newfoundland & Labrador Computer Services. This Crown Corporation was established to fulfill the joint needs of the Newfoundland Government and Memorial University, while taking into account the needs of other agencies such as the Medical Care Commission and the Power Commission. The system that Greyhound Computer supplied is now part of the largest installation in Newfoundland.

We think it speaks well of our integrity and efficiency that we have gained the confidence of those who lead the country, and we take pride in playing a role in the future and growth of the nation.

People and Services

Right across Canada, Greyhound Computer is also involved in people-oriented businesses. In the Maritime provinces, we provide equipment to the New Brunswick Telephone Company. The nation-wide retail organization, the T. Eaton Company, uses three of our computer systems, two in Winnipeg and one in Montreal. Avon, perhaps the most people-oriented of all cosmetic houses, is a valued client. Robin Hood Flour is one customer of ours whose name will be familiar to almost every housewife in the country. We are also associated with the Prudential Insurance Company and Excelsior Life Insurance, two other firms providing services to the public.

In a rather more specialised client area, but still in the service field, are such firms as A. C. Nielsen which deals with TV and radio audience research and ratings; it influences not only network programming, but also the advertising industry, by determining which programs and which commercials have the most impact on viewers and listeners. I. P. Sharp is a wholly Canadian company which provides a service whereby customers as far away as California can have remote access to a computer by telephone; and Border Brokers is the largest customs broker in Canada, dealing with import and export tariffs. In these areas, as in all others, your company is proud of the contribution it makes to the Canadian scene.



Western Resources

British Columbia's forestry industry has a volume of more than \$1,100,000,000 annually. Two of the major figures in the forestry and wood-pulp products field, Canadian Forest Products and Scott Paper, are both users of Greyhound Computer services. Clients like these are not just consumers of the great natural resources of the Canadian West; they have a responsible attitude to the environment and are active in re-forestation schemes and pollution control, areas in which data processing and analysis have considerable value.

Also on the West Coast is a growing industrial community which services the resource industries, as well as meeting consumer needs. Lenkurt Electric, a part of this development and one of our customers, manufactures communications equipment which helps link together the vast spaces of the Western provinces.

In the neighbouring province of Alberta, the mining industry (principally petroleum) produces an annual output in

excess of \$1,390,000,000. Recent developments in north-central Alberta made headlines when a new hot-water flotation process for oil extraction was used successfully by Great Canadian Oil Sands, and the stimulation of oil reservoir production by combustion was tested for the Athabasca Tar Sands. Sun Oil, which fostered both of these enterprises, is another client of your company and one whose achievements are doing much to stimulate Canada's economic growth. Canada's largest independent oil company, Home Oil, is another of our clients, and its explorations in Alberta, on the North Slope and in other areas of the North West Territories promise results that will give a dramatic impetus to the expansion of this Calgary based organization.

The resource industries require strong support from a number of important service companies. Among these service companies are more of our customers such as CDP Computer in Calgary, which by the interpretation of seismic results and digital exploration data processing has enabled geologists to find oil where none was found before. R. Angus in Edmonton, another client, is one of the major suppliers of heavy equipment to oil companies. Interprovincial Pipe Line, which uses one of our computers to control flow of the product, feeds oil from Alberta through Saskatchewan and Manitoba into the Great Lakes area of the U.S.A. TransCanada PipeLines, another customer, supplies oil to the industrial

centres of Ontario and Quebec and links up with the Great Lakes Oil Transmission Company in the United States. These major Canadian pipeline companies also have considerable interest in expansion through North Slope developments, and in Mackenzie Valley Pipeline research.

In the future, it may be that commodities other than oil will be transported across Canada by pipeline; experiments are now being conducted for the movement of potash, sulphur and other solids. Assisting with projects of this nature makes us at Greyhound Computer feel that we are helping to build the nation's economic future.

The Industrial Heartland

From Ontario and Quebec comes the majority of goods manufactured in Canada—an annual value of over \$30,000,000,000. The articles manufactured range from automobiles to lipstick, from electronic components to bedroom slippers, from brass piping to bicycle tires, from high technology to small handcrafts. Greyhound Computer is well represented in these industries.

In the area of high technology, we are associated with such firms as Litton Systems, a manufacturer of navigational systems for aircraft, whose latest achievement is the installation of the LPN 51 in the new Concord Supersonic Transport. Our customers are also well represented in heavy industry: Anaconda is a major supplier of metal products; Hawker-Siddeley is a producer of large-scale units

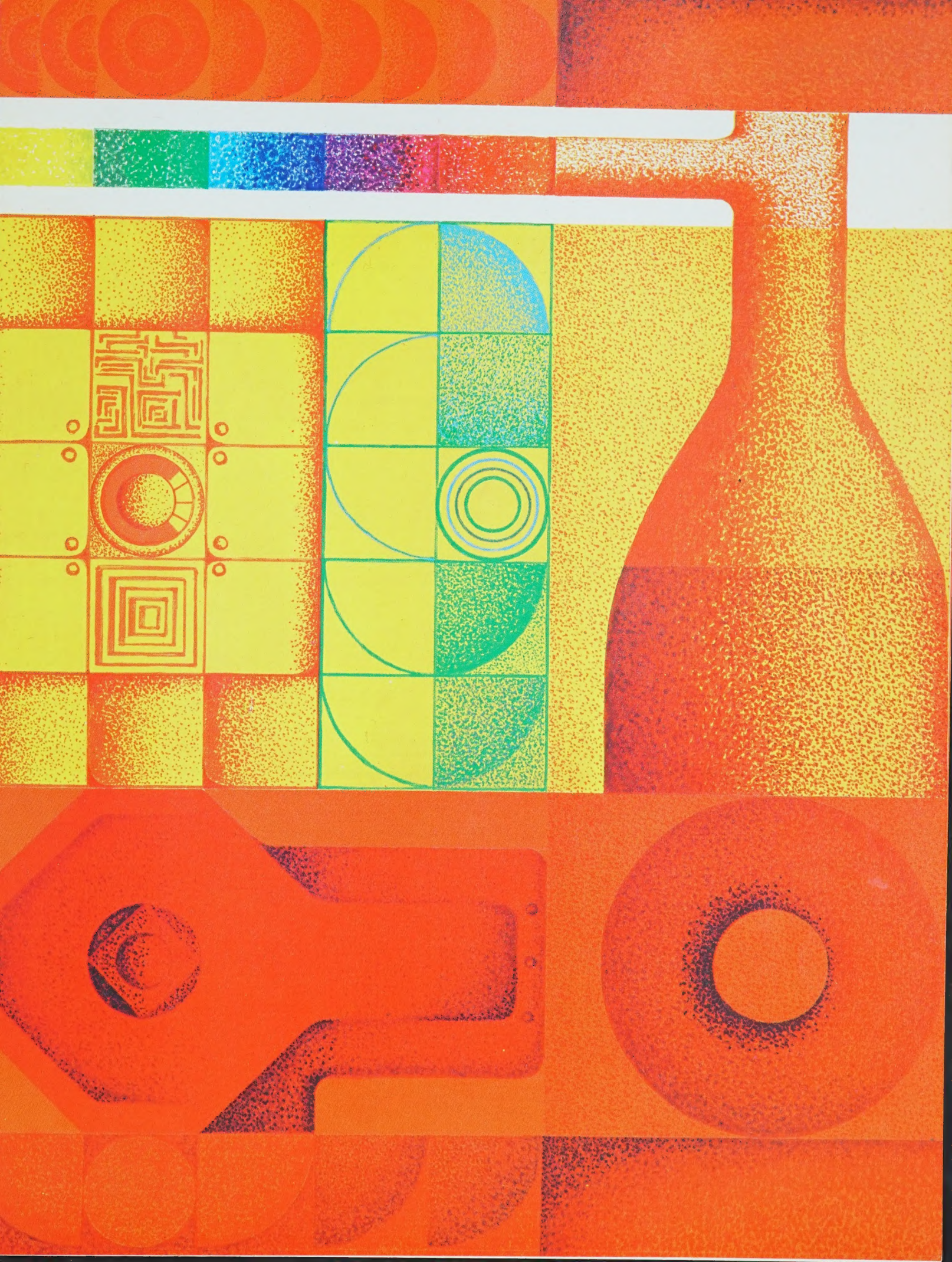
for rail transport; Goodyear is an internationally known manufacturer of tires and other rubber products.

Other vital factors in Canada's economy are the chemical and drug industries. Du Pont, which has developed a wide diversity of products in the chemical field from automobile finishes to fertilizers, from cellulose film to explosives, has six plants in Ontario and one in Quebec, and makes use of our services in both operations and research. The Polymer Corporation, one of the initial companies to be included in the Canada Development Corporation, is also a major user, as is Merck Frosst Laboratories, a leader in the pharmaceutical industry.

It would be true to say that there is scarcely a branch of Canadian industry in which we do not, in some sense, supply assistance. Pilkington Glass, for instance, one of the major international manufacturers of glass, leases a computer from Greyhound to control its revolutionary new float glass process for the manufacture of a high quality flat-glass which is used in automobiles, office buildings, hotels, shop-fronts and mirrors. Our client,

3M, of London, Ontario, manufactures all types of tape for industrial and commercial applications as well as office equipment and duplicators. In the manufacture of consumer goods we are also represented by Greb Industries Limited.

The productivity of a nation is one of the factors that makes it a force to be reckoned with in world affairs. Greyhound Computer would like to feel that its contribution helps this nation take a significant place in the world forum.



Balance Sheet

| Assets | 1970 | 1969 |
|--|--------------|--------------|
| Cash | \$ 282,819 | \$ 543,183 |
| Rentals and Accounts Receivable | 36,338 | 212,365 |
| Computer Equipment, <i>at cost (Notes 3 and 4)</i> | 22,260,945 | 22,022,533 |
| <i>Less accumulated depreciation</i> | 3,524,375 | 1,514,913 |
| | 18,736,570 | 20,507,620 |
| Other Assets: | | |
| Office equipment, automobile and leasehold improvements, less accumulated depreciation and amortization of \$38,354 (\$4,118, 1969) | 58,125 | 63,674 |
| Deposits and supplies | — | 7,865 |
| Organization expenses | 13,250 | 13,250 |
| Prepaid expenses | 2,263 | 1,450 |
| | \$19,129,365 | \$21,349,407 |

Liabilities and Shareholders' Equity**1970****1969****Short-term Liabilities:**

| | | |
|---|------------------|------------------|
| Demand bank loan (\$652,158 U.S.; \$2,500,000 U.S. 1969) | \$ 660,717 | \$ 2,681,525 |
| Accounts payable and accruals | 233,639 | 380,004 |
| Accounts payable – computer rental equipment | – | 152,581 |
| Due to Greyhound Computer Corporation (parent): | | |
| Current account (\$127,119 U.S.; \$397,879 U.S. 1969) | 128,788 | 426,573 |
| Note payable (\$767,737 U.S. 1969) | – | 823,482 |
| Rentals received in advance | 237,427 | 212,556 |
| Current portion of long-term obligations | 584,544 | 524,887 |
| | 1,845,115 | 5,201,608 |

Unrealized Gain on Foreign Exchange**28,488****–****Long-term Obligations (Note 4):**

| | | |
|---|-------------------|-------------------|
| Loans payable to banks | 9,900,000 | 9,400,000 |
| Equipment purchase contracts, less portion due within one year included above | 1,011,148 | 1,362,661 |
| | 10,939,636 | 10,762,661 |

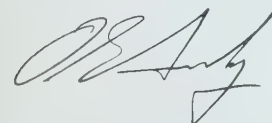
Deferred Income Taxes (Note 5)**641,487****192,863****Shareholders' Equity:**

| | | |
|---|---------------------|---------------------|
| Capital stock, without par value (Note 6) | | |
| Authorized: 6,000,000 shares | | |
| Issued and fully paid: 4,000,000 shares | 5,014,250 | 5,014,250 |
| Retained income | 688,877 | 178,025 |
| | 5,703,127 | 5,192,275 |
| | \$19,129,365 | \$21,349,407 |

On behalf of the Board



Gordon B. Clarke, Director



Olie E. Swanky, Director

Statement of Income and Retained Income

for the Year Ended December 31, 1970
(with comparative figures for 1969)

| | 1970 | 1969 |
|---|-------------|-------------|
| Rental Income and Computer Service Revenues | \$4,998,345 | \$3,859,431 |
| Costs and Expenses: | | |
| Depreciation and amortization | 2,043,698 | 1,498,787 |
| Interest on long-term obligations | 1,020,456 | 712,431 |
| Other interest | 223,102 | 411,653 |
| Selling, general and administrative | 857,482 | 790,273 |
| | 4,144,738 | 3,413,144 |
| Income before Income Taxes and Extraordinary Items | 853,607 | 446,287 |
| Provision for Deferred Income Taxes (Note 5) | 448,624 | 208,353 |
| Income before Extraordinary Items | 404,983 | 237,934 |
| Realized Gain on Foreign Exchange | 105,869 | — |
| Share Issue Expenses, less related income taxes of \$15,490 | — | 14,297 |
| Net Income (Notes 8 and 9) | 510,852 | 223,637 |
| Retained Income, January 1 | 178,025 | (45,612) |
| Retained income, December 31 | \$ 688,877 | \$ 178,025 |

Statement of Source and Use of Funds

for the Year Ended December 31, 1970
(with comparative figures for 1969)

| | 1970 | 1969 |
|---|-----------------------|-------------------|
| Source of Funds: | | |
| From operations: | | |
| Net income | \$ 510,852 | \$ 223,637 |
| Provision for depreciation and amortization | 2,043,698 | 1,498,787 |
| Provision for deferred income taxes | 448,624 | 192,863 |
| Total from operations | 3,003,174 | 1,915,287 |
| Proceeds from sale of shares | — | 2,970,812 |
| Borrowings from parent company | — | 3,139,464 |
| Bank borrowings | — | 12,081,525 |
| Equipment purchase contracts | — | 1,887,548 |
| Increase in accounts payable and accruals | — | 949,808 |
| Decrease in receivables and other assets | 154,390 | — |
| Other items | 53,359 | 212,556 |
| | 3,210,923 | 23,157,000 |
| Use of Funds: | | |
| Purchase of computer equipment | 238,410 | 18,766,330 |
| Repayment of borrowings from parent company | 1,121,267 | 3,600,000 |
| Repayment of bank borrowings | 1,520,808 | — |
| Payments on equipment purchase contracts | 444,437 | — |
| Decrease in accounts payable and accruals | 146,365 | — |
| Increase in receivables and other assets | — | 258,527 |
| | 3,471,287 | 22,624,857 |
| Increase (Decrease) in Cash | (\$ 260,364) | \$ 532,143 |

Notes to Financial Statements

December 31, 1970

1. Accounting Methods :

Computer equipment rentals under lease contracts are recorded as income when billed, using the operating method of accounting. Lease acquisition costs are charged to expense when incurred.

2. Foreign Exchange Conversion :

Assets and liabilities in United States funds have been converted to Canadian dollars at the exchange rate prevailing at December 31, 1970.

3. Computer Equipment and Related Lease Contracts :

The following is an analysis of computer equipment, at cost :

| | 1970 | 1969 |
|-------------------------------|--------------|--------------|
| IBM computer rental equipment | \$21,994,045 | \$21,474,433 |
| Other computer equipment | 266,900 | 548,100 |
| | \$22,260,945 | \$22,022,533 |

All IBM computer rental equipment is System/360 and substantially all of its cost is depreciated on a straight-line basis over a ten year period with a residual value of 10% of cost. Most leases are for non-cancellable terms of one to three years, and lease payments over the non-cancellable terms are less than the Company's investment in the related computer equipment. At December 31, 1970 future rentals receivable during the non-cancellable term of leases amounted to approximately \$3,900,000.

Other computer equipment consists of terminal equipment and disk storage units for rental and resale. The computer and terminals are depreciated on the same basis as computer rental equipment. The disk storage units are depreciated on a straight-line basis over a six year period with a residual value of 10% of cost.

In the opinion of management, existing leases will be renewed at the end of the present lease periods, or the related assets will be sold or re-leased at amounts sufficient to recover the remaining carrying value.

4. Long-term Obligations :

Loans payable to banks, guaranteed by the parent company, are subject to revolving credit agreements aggregating \$10,000,000 with an interest rate of ½ of 1% in excess of the Canadian prime bank rate. As long as the Company maintains the required borrowing base no repayment is required ; accordingly, no portion of the loans is classified as currently payable at December 31, 1970. However, indebtedness to any or all such banks not renewed by May 31, the annual renewal date, or not covered by continuing guarantees by the parent, becomes payable to such bank or banks over a term of three years.

The Company has contracted in each of the revolving credit agreements that it will grant security, at the request of the banks, on its computer equipment or leases and that it will not otherwise encumber its computer equipment (other than by purchase money mortgages) or leases in Canada.

Equipment purchase contracts are payable over four years with interest rates varying from 8½% to 10%. Title to equipment with a net book value of approximately \$2,500,000 is retained by the vendor until the purchase price is fully paid. Annual principal instalments on equipment purchase contracts during each of the four years following December 31, 1970 are \$584,544, \$633,448, \$334,370 and \$43,330 respectively.

5. Deferred Income Taxes :

For income tax purposes depreciation is reported on a basis different from the financial reporting basis. As a result, income taxes are not currently payable. Provision has been made for deferred income taxes relating to timing differences between depreciation reported for income tax purposes and the depreciation shown by the financial statements.

6. Stock Option Plan :

Under the Company's Incentive Stock Option Plan, 150,000 shares of the Company's capital stock have been reserved for purchase by officers and key employees of the Company and its related corporations. The price per share at which the options to purchase these shares may be exercised is the market price on the dates of granting of the options. Options become exercisable in four equal annual instalments commencing one year after the dates granted, and expire five years from the dates granted.

At December 31, 1970 options were outstanding on 23,000 shares, as follows :

| To directors and officers : | Shares |
|--|--------|
| Granted August 21, 1969 at \$6.00 per share | 4,000 |
| Granted August 12, 1970 at \$1.275 per share | 9,000 |
| To key employees of the company : Granted November 19, 1970 at \$1.10 per share | 10,000 |
| | 23,000 |

7. Commitments :

The Company has contractual obligations in respect of long-term leases of real property which mature July 31, 1979. Annual rentals under these leases aggregate \$98,038, approximately \$72,000 of which relates to unoccupied premises which the Company is endeavouring to sub-let.

8. Directors and Officers :

The Company has seven directors and five officers, of whom two are directors. The directors received no remuneration as directors and the aggregate remuneration of officers for the year ended December 31, 1970 was \$83,473.

The total remuneration of directors and senior officers (as defined by The Securities Act – Ontario) for the year ended December 31, 1970 was \$107,211.

9. Earnings per Share :

| | 1970 | 1969 |
|-----------------------------------|------------|-----------|
| Income before extraordinary items | 10.1 cents | 6.4 cents |
| Net income | 12.8 cents | 6.0 cents |

Directors and Officers

Directors

| | |
|---------------------|-----------|
| Robert L. Borden, | Calgary |
| W. Carroll Bumpers, | Chicago |
| Gordon B. Clarke, | Chicago |
| Walter S. Owen, | Vancouver |
| Raymond F. Shaffer, | Chicago |
| Olie E. Swanky, | Toronto |
| Gerald H. Trautman, | Chicago |

Officers

| | |
|------------------------|-----------------------|
| Gerald H. Trautman, | Chairman of the Board |
| Gordon B. Clarke, | Vice-Chairman |
| Olie E. Swanky, | President |
| Kenneth E. Lancashire, | Secretary • Treasurer |

Auditors

Touche Ross & Co., Chartered
Accountants

Registrar and Transfer Agent

The Royal Trust Company

Stock Listing

Montreal Stock Exchange

Bankers

Bank of Montreal
Bank of Nova Scotia
Canadian Imperial Bank of Commerce
Royal Bank of Canada
The Mercantile Bank of Canada

Annual Meeting

The annual meeting of shareholders will
be held at 10 a.m. on Friday, May 14,
1971 at the Head Office, 65 Adelaide
St. East, Toronto, Ontario

Head Office :

Greyhound Computer Building
65 Adelaide Street East
Toronto 1, Ontario

Ottawa Office :

Greyhound Computer Building
1740 Woodward Drive
Ottawa 5, Ontario

Montreal Office :

1001 Place du Canada
Montreal 101, Quebec

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Printed in Canada by Atwell Fleming Company Limited



AR32

Top dog in computer leasing.

HEAD OFFICE:

Greyhound Computer Building
65 Adelaide Street East
Toronto 1, Ontario
(416) 366-1513

OTTAWA OFFICE:

Greyhound Computer Building
1740 Woodward Drive
Ottawa 5, Ontario
(613) 729-5137

MONTREAL OFFICE:

1001 Place du Canada
Montreal 101, Quebec
(514) 866-3475



GREYHOUND COMPUTER OF CANADA LTD.

✓ *SA*
**GREYHOUND
COMPUTER OF
CANADA LTD**



**MID YEAR
REPORT
1970**

**RAPPORT POUR
LE PREMIER
SEMESTRE
1970**

GREYHOUND COMPUTER OF CANADA LTD.

August 12, 1970

Dear Shareholder:

Revenues of the company for the first six months of 1970 rose 77% to \$2,523,547 from \$1,425,448 for the same period in 1969. Earnings before Income Taxes increased 50% from \$217,630 to \$327,030. Net Earnings after Provision for Deferred Income Taxes increased 22% to \$156,974 from \$128,180. These results were achieved in spite of the higher burden of interest charges. On the other hand, the change in the value of the Canadian dollar contributed to earnings.

In the previous report, reference was made to negotiations for the sale of the Time-Sharing Division. We are pleased to confirm that this sale has now been completed. The personnel who formerly made up this division, together with its customers, have been transferred as part of the sale to Computer Software Systems, Inc., of Stamford, Connecticut. CSS is continuing to offer time-sharing services in Canada and your company retains a financial interest in its operations.

The computer leasing market is firm and it is expected that the current economic conditions will continue to support a strong re-leasing market. During the first six months of this year, two of our original computer leases matured and these two computer systems have both been placed with new customers. During the remainder of the year, it is expected that two additional systems will be returned to us and we are presently negotiating the re-leasing of these systems with new customers.

IBM recently announced two new computer models. These two new models are very large and as a result we do not anticipate that they will materially affect the market for our present inventory of equipment, which is composed predominantly of smaller models.

We look forward to a continued improvement in earnings during the last half of the year.



Gordon B. Clarke
President and Chief Executive Officer

COMPARATIVE STATEMENT OF EARNINGS Six months ended June 30 (Unaudited)

| | 1970 | 1969 |
|--|-------------------|-------------------|
| Revenue | \$2,523,547 | \$1,425,448 |
| Depreciation | 1,005,444 | 593,705 |
| Interest | 675,051 | 410,439 |
| Other expenses | 516,022 | 203,674 |
| | <u>2,196,517</u> | <u>1,207,818</u> |
| Earnings before Income Taxes | 327,030 | 217,630 |
| Provision for Deferred Income Taxes | 170,056 | 89,450 |
| Net Earnings | <u>\$ 156,974</u> | <u>\$ 128,180</u> |

GREYHOUND COMPUTER OF CANADA LTD.

le 12 août, 1970

Cher actionnaire,

Les revenus de la compagnie pour les six premiers mois de 1970 furent de \$2,523,547 comparativement à \$1,425,448 pour la même période en 1969, soit une augmentation de 77%. Le bénéfice avant impôts sur le revenu a augmenté de 50%, de \$217,630 à \$327,030. Le bénéfice net après déduction de la provision pour impôts sur le revenu différés a augmenté de 22%, de \$128,180 à \$156,974. Ces résultats furent obtenus malgré le fardeau accru des intérêts. Par contre, le changement dans la valeur du dollar canadien a contribué à l'amélioration des bénéfices.

Nous avons fait mention, dans le rapport précédent, de négociations relatives à la vente de la division des systèmes à temps partagé. Il nous fait plaisir de vous annoncer que cette vente est maintenant complétée. Le personnel de cette division de même que ses clients ont été transférés dans le cadre de la vente à Computer Software Systems, Inc., de Stamford, Connecticut. CSS continue d'offrir des systèmes à temps partagé au Canada et votre compagnie conserve un intérêt financier dans ses opérations.

Le marché de la location d'équipement électronique est stable et l'on prévoit que la situation économique actuelle continuera de favoriser un marché important de re-location. Au cours des six premiers mois de cette année, deux de nos contrats initiaux de location d'ordinateurs sont venus à échéance et les deux systèmes ainsi libérés sont maintenant utilisés par de nouveaux clients. D'ici la fin de l'année, deux autres systèmes redeviendront probablement disponibles et nous négocions présentement leur re-location avec de nouveaux clients.

IBM annonçait récemment la mise en marché de deux nouveaux modèles d'ordinateurs. Ces modèles étant très considérables, nous ne croyons pas qu'ils affecteront sensiblement le marché pour notre stock actuel d'équipement surtout composé de modèles plus petits.

Nous anticipons une amélioration maintenue de nos bénéfices au cours de la seconde moitié de l'année.



Gordon B. Clarke
Président et Chef de la direction

ETAT DU REVENU Semestre se terminant le 30 juin (non vérifié)

| | 1970 | 1969 |
|--|-------------------|-------------------|
| Revenus | \$2,523,547 | \$1,425,448 |
| Amortissement | 1,005,444 | 593,705 |
| Intérêts | 675,051 | 410,439 |
| Dépenses diverses | 516,022 | 203,674 |
| | <u>2,196,517</u> | <u>1,207,818</u> |
| Bénéfices avant impôt sur le revenu | 327,030 | 217,630 |
| Provisions pour impôts différés sur le revenu | 170,056 | 89,450 |
| Bénéfices | <u>\$ 156,974</u> | <u>\$ 128,180</u> |